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SUBJECT: SECRETARY LEW: YOUR VISIT TO MEXICO

¶1. (SBU) Jack: We are extremely grateful for your visit and confident you will leave with a solid appreciation of the challenges Mexico faces as it confronts the drug cartels, deals with the effects of the global recession, and struggles to consolidate democracy and the rule of law. Most importantly, you will see how strong our partnership has grown as a result of helping the Calderon administration shape its strategic approach to these challenges in a spirit of mutual responsibility. Building on the Secretary's meeting with Foreign Secretary Espinosa this past September, we have made significant progress in fleshing out the framework for our cooperation with Mexico in the context of the Merida Initiative. As you prepare for Hill briefings, your meetings here with President Calderon and Foreign Secretary Espinosa, with experts on economic competitiveness, with senior law enforcement and military policy officials, with civil society leaders, and with our country team, will provide you with insights into the progress USG-Mexican cooperation has produced to date and the potential it holds for the future. We welcome the opportunity to engage on the Quadrennial Diplomacy and Development Review (QDDR) and to review some of the management challenges Mission Mexico faces in pursuing our priorities.

#### The Way Ahead on Merida

¶2. (SBU) Our engagement with the Mexicans to cooperate beyond the current Merida initiative has produced excellent results. We now have a four pillar strategic framework that has been blessed in principle by the two secretaries and operationalized through the A/S level by both governments. NSC Senior Director Restrepo and INL PDAS McGlynn joined me last week in leading a second high-level inter-agency discussion with the Mexicans focused on institutionalizing the rule of law (pillar 2) and creating strong and resilient communities (pillar 4). As with our earlier discussion on disrupting drug trafficking organizations (pillar 1) and building a modern border (pillar 3), the Mexicans are engaging with us in a serious exercise to deepen and extend our cooperation. The challenges are quite clear: a top heavy bureaucracy that resists interagency cooperation, a traditional military that looks suspiciously at "interference" by civilian authorities, and high levels of violence and corruption, particularly along our common border. The Mexicans have agreed to conduct a bi-lateral assessment mission in Tijuana and Ciudad Juarez at the end of November, which should help us focus on priority areas for beyond Merida: better civilian-military links on operations along the border and better interagency cooperation that will allow effective operationalization of intelligence.

¶3. (SBU) Mexico continues to face high levels of violence in Ciudad Juarez and other parts of the country as its military and law enforcement institutions sustain their pressure on the drug cartels. Mexican officials appreciate the contribution unprecedented cooperation with the U.S. has made to its progress in combating organized crime. At the same time, our Mexican interlocutors have conveyed frustration with the perception that delivery on our assistance programs is lagging. It bears noting, however, that a

number of our key programs - such as our contribution to the Police Secretariat's facility in San Luis Potosi that aims to train up to 9,000 federal police over the next year - are well underway. Meanwhile, we expect to deliver on a major ticket item - four Bell helicopters - before the end of the year, and an additional three Black Hawks in mid-2010. As the pace of delivery on assistance picks up, we intend to shine greater light on the Mexico's own efforts, as the GOM invests seven times more than the U.S. Merida budget.

14. (SBU) Going forward, we will transition away from delivery of expensive hardware such as helicopters, planes, and other costly equipment to sponsoring extensive training and technical assistance programs to foster stronger law enforcement and judicial institutions. Mexico adopted major justice reform in 2008. In essence, Mexico seeks to transition from an antiquated and corrupt inquisitorial justice system to a modern, transparent, accusatorial framework, recognizing the presumption of innocence as a constitutional right, and oral trials as the primary mechanism for administering justice. Implementation over the next seven years poses monumental challenges. We look to provide training to key players in the Mexican judicial system at both the federal and state level. With regards to Mexican law enforcement institutions, we have focused to date on working with agencies at the federal level given our more advanced relationship with and trust in those entities. However, we are seriously working to develop our efforts at both the state and local level where Mexico's law enforcement organizations face resource constraints and are fraught with corruption. Tijuana has enjoyed some recent successes by creatively structuring its state and local law enforcement institutions. We intend to apply some of the lessons learned in Tijuana to help the GOM meet the challenges it faces in Ciudad Juarez. For President

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Calderon there is no higher short-term priority that reducing the grotesque levels of homicides, kidnappings, and drug trafficking in this critical border city.

15. (SBU) The GOM has deployed over 45,000 soldiers and 5,000 federal police around the country to face down the drug cartels. These entities, together with the local police, can only achieve so much absent a capacity to collect and operationalize intelligence on the cartels. Presently, Mexico's efforts are severely handicapped by the lack of professional intelligence expertise and a lack of trust both within and among institutions that is essential to facilitate timely sharing of actionable intelligence. By working with the federal, state, and local authorities in Juarez to create a genuine task force model, we seek to give cops, soldiers, and prosecutors that missing but essential informational capacity. Doing so would greatly enhance GOM abilities to disrupt DTOs in the short-term and provide a foundation for the improved interagency cooperation needed throughout the justice sector in the long-term.

16. (SBU) Human rights remain a crucial element of our dialogue with the Mexican government. Presently, we draw down U.S. DOD funded programs to sponsor seminars, conferences and exchanges that promote greater human rights respect. Recently, the GOM signed an MOU with the UN's Human Rights Office in Mexico that opens the door to working more closely with the Mexican military (SEDENA) to promote human rights respect. Both the Mexican Foreign Ministry and SEDENA have reluctantly conveyed a willingness to meet with us formally to exchange information on human rights issues. However, SEDENA is still wary of speaking to specifics on cases the human rights community and Congressional staffers have raised. Meanwhile, we have opened a robust dialogue with the Mexican human rights community in an effort to address its concerns, particularly in connection with military judicial transparency, protection of human rights defenders, improving mechanisms to prosecute abuses, and setting benchmarks for human rights progress.

17. (SBU) You should use your lunch with senior law enforcement and policy officials to stress our commitment to continued cooperation in the context of the Merida Initiative and beyond. We expect SEDENA and SEMAR will each send at least one representative to the lunch. It would be helpful to underscore the centrality of human rights and your ongoing dialogue with Congress, raising as well the

need for all GOM agencies (not just SEDENA) to prosecute the cartels in accordance with the rule of law. You will want to reinforce our understanding that beyond Merida cooperation will transition to focus primarily on strengthening institutions, particularly at the state level, and building the Mexican capacity to collect and operationalize intelligence.

#### Calderon's Embrace of Economic Competitiveness

18. (U) Mexico is still reeling from the impact of the global economic crisis and the resulting downturn in the United States, its largest trading partner. According to the Finance Secretariat, Mexico's GDP is expected to contract by 6.8 percent this year. The Calderon Administration projects optimistically that the Mexican economy will bounce back next year and grow 3 percent in 2010. To do so, Mexico will depend greatly on the United States' recovery, the NAFTA, and export-led growth. However, President Calderon's chief economic goal looks beyond a recovery; he wants to make inroads into eradicating poverty in Mexico, currently at 47 percent but on the rise over the last year. Therefore, President Calderon has called for making Mexico and North America more competitive. In Mexico, he has urged for congressional and private sector cooperation in increasing competition and reforming the labor, finance, energy, and telecommunications sectors. As for North America, his Administration is already working with its NAFTA partners to make standards and regulations more compatible. In addition, Calderon has called for the United States and Mexico to develop an aggressive infrastructure plan along the shared border as well as increase measures to facilitate cross-border trade.

19. (U) At last week's APEC Summit in Singapore, Calderon spoke frankly about Mexican frustrations with a U.S. trade relationship that has become entrapped in trade disputes such as trucking, with little vision on advancing the joint competitiveness of our two economies. Protectionism, he pointed out, is the biggest obstacle to recovery and warned that the United States and others are being tempted to raise tariff and non-tariff barriers to protect their domestic producers and labor markets. Both sides are attempting to resolve these disputes and avoid damaging our overall strong bilateral partnership. At a breakfast meeting with some of Mexico's leading economic policy makers, economists, and businessmen, you will discuss prospects for Mexico's enhanced competitiveness in the North American and global markets, while examining how Mexico's security challenges impact these efforts.

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#### Tapping Your Leadership on Management Issues

110. (SBU) We appreciate your leadership on the Quadrennial Diplomacy and Development Review (QDDR) and look forward to seeing how Mission Mexico can contribute to the Secretary's initiative. We believe Foreign Secretary Espinosa would welcome the opportunity to learn more about what the QDDR involves. The Mexican Government has disparate and weak strategic planning processes. Resources are more often tied to personal relationships than to well-conceived objectives. Spending is frequently reactive and vestigial patronage structures impede policy makers looking beyond a 3-4 year horizon. However, the Mexican Foreign Ministry has come under pressure to control budget increases, particularly when it comes to contributions to international organizations.

111. (U) We would also like to take advantage of your visit to discuss some of our own managerial challenges. Mission Mexico comprises Embassy Mexico City, nine constituent posts and thirteen Consular Agencies. Mexico has 2553 staff, of which State has 1608. Thirty-one agencies are represented at Post. Consular staffing continues to grow, with an additional 28 officer positions projected by 2012. MRV fee collections remain a critical source of funding for consular positions and other Mission activities, although the number of visa applications fell in Mexico last year. The Merida Initiative continues to add USDH and LES positions in FY10. Right-sized staffing will rise to 2846 by 2014. Management staffing, however, is strained because it has not grown at the same

rate as the State Program and other agency personnel it supports. WHA's Bureau Strategic Plan included two management positions in an effort to address this shortfall, but additional LES positions are needed as well.

¶12. (SBU) Meanwhile, violence in northern Mexico has reached previously unthinkable levels, disrupting employees' everyday lives and affecting post morale. In October 2009, I met with Under Secretary for Management Pat Kennedy to request danger pay for employees at all posts in Mexico, except Consulate Merida. Embassy Mexico has also asked OBO for permission to purchase land for a new embassy compound (NEC). Mexico City's NEC project, once scheduled for 2009, has been pushed back to 2017, but the embassy hopes to take advantage of low real estate prices and current market availability. A NEC would eliminate security vulnerabilities inherent to the current location and consolidate staff in one safe, secure compound.

¶13. (SBU) You are visiting Mexico at a critical juncture in its history. President Calderon has clearly decided that his legacy will rest on confronting organized crime and promoting greater security for his citizens. We have a clear national interest to contribute to that vision. Calderon, in defiance of traditional Mexican foreign policy, has bet on a genuine partnership with the U.S. in pursuit of these objectives. We enjoy an historical opportunity to help Mexico realize its full potential as a stable, prosperous, democratic neighbor. In the process, we can tackle our shared challenges both in terms of combating criminal threats and enhancing our competitiveness as a region. Your visit will reinforce the importance we attach to cooperation with Mexico and should assist you in making the case to Congress for the appropriate resources to continue this work.

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